

State Employee Benefits Committee
Friday, July 20, 2012 at 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware

The State Employee Benefits Committee met on July 20, 2012, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB
Brenda Lakeman, Director, OMB, SBO
Faith Rentz, Deputy Director, OMB, SBO
Vicki Ford, OMB, Financial Operations
Dawn Guyer, OMB, Financial Operations
Mary Thuresson, OMB, SBO
Rebecca Reichardt, OMB, BDPA
Stuart Wohl, Segal
Andrew Kerber, DOJ
Carolyn Berger, Justice, AOC
Karen Weldin Stewart, Department of Insurance
Erika Benner, State Treasurer's Office
Tom Cook, Secretary of Finance
Lori Christiansen, Office of Controller General

Dave Craik, Pension Office
Crystal Webb, DHSS
Drew Brancati, Highmark BCBSDE
Mike North, Aetna
Katherine Impellizzeri, Aetna
Judith Grant, HMS
Chris Ulrich, U of D
Jim Testerman DSEA, R
Rich Phillips, DSEA, R
Jim Harrison, DSEA, R
Karol Powers-Case, DRSPA
Wayne E. Emsley, DRSPA
Hugh Ferguson, DRSPA
Jack Hassman, DRSPA

Agenda Items Discussed:

Introductions/Sign In

Director Visalli called the meeting to order at 2:00 p.m. Introductions were given around the room. Those who wanted to make public comments were reminded to sign in.

Approval of Minutes

Director Visalli requested a motion to approve the minutes from the May 18, 2012, SEBC meeting. Ms. Christiansen made the motion and Secretary Cook seconded the motion. Upon unanimous voice vote the minutes were approved.

Director's Report – Brenda Lakeman

Ms. Lakeman reported three vendor names have changed. Blue Cross Blue Shield of Delaware will now be Highmark BCBSDE. They have a truck traveling the highways displaying the change and it will also be at the State Fair Thursday. As of July 1, 2012, Thomson Reuters became Truven. There will be no changes to our contract or the structure of the company. Starting September 1, 2012, Medco will be Express Scripts. Their web site will remain www.Medco.com. Information addressing the name changes will be distributed to pensioners and employees thru newsletters and pay statements. Ms. Christiansen asked if the change from Medco to Express Scripts will change their retail network. Ms. Lakeman explained that Express Scripts recently reached a contract with Walgreens; therefore, State of Delaware members can be assured that their network will remain unchanged.

More updates followed. In 2010 SEBC approved genetic testing for first time use of medications warfarin and tomozifin. The tomozifin testing has been discontinued. None of our members will be impacted. The Medco on-line health store will close the end of this month. In FY11 for FY12, SEBC approved a copay waiver program for using certain generic medications. From January through April, those who chose for the first time to use a generic instead of the name brand medication for either a 30 or 90 day prescription had their copay waived. There was \$511,000 in savings with 2,000 members who took advantage of the campaign. The original savings estimate was \$440,000.

Health Fund Financials – Vickie Ford (handouts - 2)

It was reported that the fund balance on the Fund and Equity report as of June 30, 2012 was \$49.3 million (M). The ending balance for May 31, 2012 was \$40.5M. The Medco quarterly rebate of \$6.0M was received in June.

There were no comments or questions.

FY12 Quarter 3 Financial Reporting – Stuart Wohl (handout)

A \$6.9M surplus was reported through the first nine months of the fiscal year. Prescription drug experience is 8.7% above the prior period. As is typical, the non Medicare retiree population experienced a 46.7% loss and the active population saw a 6.8% gain. Membership was up to 116,075.

Charts and graphs showing the experience of each plan and all plans combined were explained. BCBSDE controls membership without much change. The newest plan, CDH Gold has low membership and will take a couple of years to mature. Ms. Lakeman added that there was not much change in membership across the plans from open enrollment. CDH Gold membership remained unchanged with few new members choosing it. Director Visalli added that at an upcoming SEBC meeting they will talk more about the CDH Gold plan and strategies to increase enrollment for the next year.

Transfer of FY12 Retiree Drug Subsidy Funds

Director Visalli explained that the SEBC would need to vote on the transfer of the FY12 Medicare Part D Retiree Drug Subsidy funds to the OPEB Trust. Secretary Cook gave background that the SEBC had done this twice to date. This sends a good message that the State is addressing their OPEB obligation. Commissioner Stewart added that the effort assists the State in maintaining its triple A Bond rating. Director Visalli noted that for FY13, the rate of payroll contribution to the OPEB Trust has been reinstated.

146th General Assembly Healthcare Legislation Considerations – Brenda Lakeman (handout)

The Committee needs to take action on some of the legislation that was recently passed.

Senate Bill 22 – Autism Spectrum Disorders

- Provides insurance coverage for diagnosis and treatment of autism spectrum disorders.
- Focuses on applied behavioral analysis services (capped at \$36K per year) and other therapies, such as speech and physical therapies not currently covered for this diagnosis.
- Medical diagnosis is autism spectrum and has been linked to 1:133 children under the age of 21
- Effective 120 days after enactment.
- Passed by legislature in June 2012, awaiting Governor's signature.
- Similar to other legislative initiatives, such as HB 100 passed in 2001, which required coverage and parity for mental disorders, such as substance abuse, not just those defined as serious mental illnesses.
- Estimated fiscal note for FY13 if effective 1/1/13 equals approximately \$600K to the health fund.

House Bill 265 – Coverage for Oral and Intravenous Anticancer Medications

- Requires all health plans covering cancer treatment to cover oral anti-cancer medications at the same reimbursement rates as intravenously administered anti-cancer medications.
- Currently intravenous medications provided in outpatient settings through the medical benefit are provided at no cost to the member (copays apply to outpatient services – facility/doctor's office visit).
- To apply same reimbursement rates would necessitate reducing copay for oral cancer medications through prescription benefit to \$0.
- Effective date 1/1/13.
- Estimated fiscal note for FY13 is \$9K.

House Bill 265 – Coverage for Oral and Intravenous Anticancer Medications

- Assures Prosthetic Parity for individuals who have experienced limb loss by providing orthotic and prosthetic devices at a reimbursement rate equal to the Federal reimbursement rate for the aged and disabled (Medicare rates - CMS).
- Passed in 2011 with an effective date of 1/1/12.
- No change in coverage for the State, however, some increase in reimbursement to align with CMS rates
- Fiscal impact for FY12 estimated at maximum of \$100K.

Senate Bill 157 – Surviving Pensioner Health Coverage

- Limits health insurance coverage for surviving pensioners collecting survivor benefits to only that survivor and their dependent children.
- Removes ability to add a spouse to the health coverage of the surviving spouse after date of enactment.
- Spouses of the surviving pensioners who were covered prior to the date of enactment may continue to be covered.
- Passed by the legislature in April of 2012 and signed by the Governor on May 15, 2012.
As of January 2012, 78 spouses were covered by surviving spouses and 1,164 surviving spouses were receiving survivor benefits and did not cover a spouse.

Brief discussion with questions and answers were intermingled.

RECOMMENDATION

Motion to approve:

- Senate Bill 22 – Autism Spectrum coverage as of effective date – provide coverage for applied behavioral analysis for dependent children under 21 to limit of \$36,000 per year and associated therapies as medically necessary.
- House Bill 265 – Oral Cancer Medication parity coverage as of January 1, 2013 – waive copays for members who receive oral cancer medications through pharmacy benefit.
- House Bill 76 – Provide reimbursement for prosthetic and orthotic devices equal to the CMS rate.
- Senate Bill 157 – No action required.

Director Visalli stated there would be comments from SEBAC and the public before taking a vote.

SEBAC Comment

On behalf of SEBAC Ms. Lakeman presented their comment. SEBAC supports adoption of coverage for SB 22 Autism Spectrum Disorders and HB265 Oral Cancer Drug Parity. SEBAC supports the transfer of FY12 Medicare Part D Retiree Drug Subsidy funds to the OPEB Trust.

Public Comment

Karol Powers-Case, DRSPA, asked if anything had changed for someone who had signed up for a survivor pension. Director Visalli assured her survivor pension benefits did not change. Details were given explaining that a designated surviving spouse will still have the survivor pension and health benefits. More questions arose and were answered. The surviving spouse cannot add a new spouse to their health benefits if the surviving spouse remarries unless the spouse is or was a state employee and eligible for health benefits as a state employee or pensioner. A surviving spouse who remarries and has children with the new spouse can carry the children on the state health plan.

Jack Hassman, DRSPA, asked where the quarterly rebate comes from. Ms. Rentz explained that as part of the prescription benefit contract with Medco certain medications have rebates that are credited to the health fund quarterly. He then asked who paid out the money in the first place, employee or state. Ms. Rentz further explained that the state paid for the drug, less the co-pay; therefore, the health fund is due the rebate. The contract further defines a set amount of minimum rebate per script.

Being no further comments, Director Visalli asked for a motion to move FY12 Medicare Part D Retiree Drug Subsidy as reported on the Fund & Equity reporting to the OPEB trust fund. Ms. Lakeman noted that the transfer would exclude funds attributable to the participating nonpayroll groups with Medicare retirees as they would be refunded their proportionate share of the Subsidy. Secretary Cook amended the motion and Commissioner Stewart seconded the motion. Upon a unanimous voice approval the motion carried.

Director Visalli asked for a motion to approve the recommended legislative changes as presented by Ms. Lakeman. Ms. Christiansen made the motion and Commissioner Stewart seconded the motion. Upon unanimous voice approval the motion carried.

Other Business

None.

Director Visalli reminded all that the next SEBC meeting date is scheduled for Monday, August 27th. A motion to adjourn was then requested. Secretary Cook made the motion and Ms. Christiansen seconded the motion. The meeting was adjourned at 2:36 p.m.

Respectfully submitted,

Mary K. Thuresson
Administrative Assistant
Statewide Benefits Office, OMB